

RTA2/SCH

PATENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

Appeal number 2007-0325

Applicant	:	Scott C. Harris	)	Group Art Unit 3624
			)	
App. No.	:	09/780,248	)	
			)	
Filed	:	February 9, 2001	)	
			)	
For	:	REAL TIME AUCTION	)	
		WITH END GAME	)	
			)	
Examiner	:	C. R. Kyle	)	
			)	

Notice of Appeal to the Court of Appeals for the Federal Circuit

United States Patent and Trademark Office  
P.O. Box 1450  
Alexandria, VA 22313-1450

Dear Sir:

A petition for review by the Court of Appeals for the Federal Circuit is attached.

Please send all correspondence for this application to:  
Scott C Harris  
PO Box 1389  
Rancho Santa Fe, Ca, 92067

Respectfully submitted,

Dated: 3/8/2009 \_\_\_\_\_

By:



Scott C. Harris  
Registration No. 32,030

(619) 823-7778

**United States Court of appeals for the Federal Circuit**

USPTO appeal number 2007-0325

(USPTO serial number 09/780,248, filed February 9, 2001, entitled "Real Time Auction with End Game")

Scott C. Harris,

Petitioner / Appellant

v.

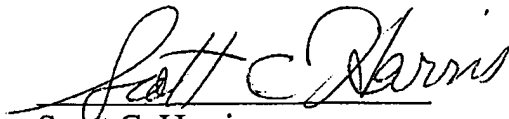
United States Patent and Trademark Office,

Respondent or Appellee

Scott C Harris, petitioner, hereby petition/appeal the Court for review of the decision by the United States patent office, specifically for review of the Patent Office Board of Appeals final agency decision dated January 13, 2009 (copy attached). A check for the appeal docketing fee (Federal Circuit Rule 52 A(3)(a)) of \$450 is attached.

The undersigned hereby certifies that the original of this Notice of Appeal is being sent via Express Mail to

General Counsel  
United States Patent and Trademark Office,  
PO Box 15667  
Arlington, Va 22215



Scott C. Harris  
USPTO Reg # 32,030

date: 3/8/2009

Federal Circuit Admission Date February 28, 2000  
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# UNITED STATES PATENT AND TRADEMARK OFFICE

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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/780,248	02/09/2001	Scott C. Harris	RTA2/SCH	7624
23844	7590	01/13/2009		
SCOTT C HARRIS P O BOX 927649 SAN DIEGO, CA 92192			EXAMINER KAZIMI, HANI M	
			ART UNIT 3691	PAPER NUMBER
			MAIL DATE 01/13/2009	DELIVERY MODE PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

1 UNITED STATES PATENT AND TRADEMARK OFFICE

2  
3  
4 BEFORE THE BOARD OF PATENT APPEALS  
5 AND INTERFERENCES  
6

7  
8 *Ex parte* SCOTT C. HARRIS  
9

10  
11 Appeal 2007-0325  
12 Application 09/780,248  
13 Technology Center 3600  
14

15  
16 Decided: January 13, 2009  
17

18  
19 Before ROBERT E. NAPPI, LINDA E. HORNER, and ANTON W. FETTING,  
20 *Administrative Patent Judges.*

21 FETTING, *Administrative Patent Judge.*

22 DECISION ON REQUEST FOR REHEARING  
23

24 The Appellant filed a REQUEST FOR RECONSIDERATION OF APPEALS  
25 DECISION UNDER 37 C.F.R. § 1.52 on June 12, 2007.

26 The Examiner rejected claims 5-7, 9-11, 15-30, 32, and 33. We affirmed those  
27 rejections in part and entered a new ground of rejection under 37 U.S.C. § 101  
28 against claims 5-7 and 28-32 in our Decision mailed April 16, 2007. The Appellant  
29 seeks reconsideration of the new ground of rejection only<sup>1</sup>. Exemplary  
30 independent claims 5, 28 and 32 are reproduced below.

\_\_\_\_\_  
<sup>1</sup> The Appellant does not request reconsideration of any prior art rejections  
(Request 2: Second to last ¶).

1           5. A method, comprising:

2           allowing each of accepting bids from a plurality of users to  
3           submit bids for a specified item being auctioned, said bids being  
4           submitted from any of a number of clients over a network to a server  
5           which collects said bids; and

6           defining rules for actions in said auction, said rules including at  
7           least a time when the action will take place, and an actual action that  
8           will take place at the defined time; and

9           keeping the rules secret until the defined time.

10  
11          28. A method comprising:

12           conducting an auction over a network by accepting bids for  
13           items, and establishing a highest bid for an item as being a winning  
14           bid; and

15           treating a bid received within a predetermined period of time  
16           before an end time of an auction less favorably than bids received  
17           prior to said predetermined period.

18  
19          32. A method comprising:

20           conducting an auction over a network by accepting bids for  
21           items, and

22           establishing a highest bid for an item as being a winning bid;  
23           determining identities of bidders bidding during said  
24           conducting; and

25           treating a bid from bidders whose identities have not been  
26           determined by said determining, and which bids are received within a  
27           predetermined period of time before an end time of an auction, less  
28           favorably than bids received prior to said predetermined period.

29  
30          We DENY the REQUEST FOR REHEARING.

ISSUE

The issue pertinent to this request is whether the Appellant has sustained its burden of showing that we erred in entering a new ground of rejection of claims 5-7 and 28-32. 37 C.F.R. 41.52(a)(3).

The pertinent issue turns on whether a process whose steps are allowing each of a plurality of users to submit bids for a specified item being auctioned; defining rules for actions in the auction, those rules including at least a time when the action will take place, and an actual action that will take place at the defined time; and keeping the rules secret until the defined time while conducting an auction is statutory where the channel of communication is a network in the context of conducting an auction.

ANALYSIS

We found in our decision that claims 5-7 and 28-32 were directed to non-statutory subject matter because they were drawn to manipulation of abstract ideas. (Decision 20-22).

The Appellant argues that the claims are drawn to an auction process and that such a process is more than the manipulation of abstract ideas (Request 6: ¶ II).

The Appellant contends that our conclusions that these claims define abstract ideas are legally incorrect (Request 4: ¶ I), and that the process is statutory under additional tests (Request 10: ¶ III). The Appellant proposes a new test (Request 14: ¶ IV) and argues that congressional policy was to afford a very wide scope to patentable subject matter (Request 15: ¶ V).

We begin by pointing out that exemplary claim 5 contains only three steps, which include allowing the acceptance of bids; defining rules; and keeping those

1 rules secret. Claim 5 does not define an auction process, but only purports to recite  
2 three steps which might be incorporated in an auction process. Claim 5 recites  
3 nothing that produces any result from such bids and rules.

4 Exemplary claims 28 and 32 recite conducting an auction over a network by  
5 accepting bids; establishing a highest bid for an item as being a winning bid;  
6 establishing identities of bidders, and treating a bid received within a  
7 predetermined period less favorably than other bids. Thus claims 28 and 32 accept  
8 bids, establish a high bid, identify bidders, and treat certain bids less favorably than  
9 others. Neither of these claims recites anything that produces any result from such  
10 bids and rules.

11 In our decision, we found that claims 5-7 and 28-32 accept bids, determine  
12 who the bidders are, and define rules, and concluded that these claims are directed  
13 toward no more than the idea of conducting an auction with auction rules and bids.  
14 They produce no useful, concrete and tangible result because they are not  
15 instantiated within a physical embodiment that results in the transfer of property of  
16 an actual auction.

17 We acknowledged the limitations to a network in claims 5-7 and 28-32, but  
18 found they do no more than create the illusion of physicality in some  
19 embodiments, which merely attempts to exalt form over substance. We found that  
20 even to convey a representation of an abstraction over an electronic network is still  
21 no more than manipulating an abstraction. We further found that the limitation of  
22 a network was not further narrowed to electronic networks, and that societal  
23 networks of auction houses (e.g. Christies, from 1766), that convey bids are too  
24 notoriously old and well known to so narrowly construe this term.

*Argument regarding legal error*

The Appellant's assertion of legal error is premised on his argument that we cited *In re Warmerdam*, 33 F.3d 1354 (Fed. Cir. 1994) for the proposition that *Diamond v. Chakrabarty*, 447 U.S. 303 (1980) is incorrect (Request 4: Second to last full ¶). We did not so propose and made no reference to *Chakrabarty*.

The Appellant goes on to argue that our reliance on *Diamond v. Diehr*, 450 U.S. 175 (1981), was misplaced because that case related to principles rather than abstract ideas (Request 4: Last full ¶). To the contrary, *Diehr* states that "when a claim recites a mathematical formula (or scientific principle or phenomenon of nature), an inquiry must be made into whether the claim is seeking patent protection for that formula in the abstract." *Id.* at 191. Accordingly, *Diehr* simply stated that mathematical formulae are abstract ideas and listed those abstract ideas such as formulae along with scientific principles and phenomena of nature as subjects that are not statutory subject matter. The Appellant essentially acknowledges this further in the Request at 9-10 where the Appellant states that *Diehr* supported the denial of patents to more than just principals, including denial to a new mineral, a scientific idea, a mathematical formula or mental operation.

The Appellant concludes this argument of the legal analysis in our Decision with a contention that an idea is the opposite of an embodiment (Request 5: Bottom ¶). Such an observation does little to demonstrate that the claims at issue actually recite a statutory embodiment. The Appellant simply argues that "[h]ere, a method is claimed. It is not an abstract idea, but rather a fully-functioning, concrete, definite and complete method." (*Id.*) Such an argument is simply conclusory and does not evidence that the method is statutory.



*Argument regarding abstract ideas*

The Appellant's support for construing claim 5 to be an embodiment is the phrase "over a network," and for construing claims 28 and 32 similarly is the phrase "conducting an auction over a network."<sup>2</sup>

These phrases are the Appellant's support based on the claim limitations for arguments II (the claims are not toward abstract ideas) and III (concrete, useful and tangible, and transformation to different state are not exclusive tests) (Request 6-12). The Appellant does not contend that the claim 5 steps of allowing the acceptance of bids; defining rules; and keeping those rules secret or the claim 28 and 32 steps of accepting bids, establishing a high bid, identifying bidders and treating certain bids less favorably than others are evidence of statutory subject matter other than their being within the context of an auction over a network. Thus, the issues before us are whether a step of allowing bids over a network and a step of conducting an auction and doing so over a network demonstrate the claims at issue are statutory.

We begin by finding that the only steps recited for conducting an auction are those we found *supra*. Claims 28 and 32 call for conducting, not completing an auction. Thus, any step, such as submitting bids, that is part of the conduct of an auction describes conducting an auction.

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<sup>2</sup> The Appellant also argues the use of the term "internet" (Request 8: First full ¶), but that term does not appear in the claims at issue.

1 The Appellant contends such conduct is a real process and is therefore statutory  
2 (Request 7-8). The Appellant also argues that the claims are directed to an internet  
3 auction (Request 7:First ¶). However the term “internet” is not in any of the  
4 claims. In fact, the claims do not specify an electronic network. Thus, the claims  
5 encompass auctions performed by any types of networks, including the networks  
6 of interaction between people at auction houses, such as Christies.

7 The Appellant argues that any such business operation is evidence that the  
8 claims are drawn to real as contrasted with abstract subject matter (“This billion  
9 dollar business model is certainly not an ‘illusion.’” Request 7:Third ¶). This is the  
10 whole argument against the claims being drawn to abstract ideas, i.e. major  
11 businesses are built on auctions, so any claim that includes conducting an auction  
12 must be statutory.

13 This argument does not account for the actual scope of the step of conducting  
14 an auction. The scope is undefined. If the scope includes instances in which the  
15 only conduct is the reception and treatment of bids, because no complete  
16 transaction occurs in such instances, there is no concrete and tangible result.  
17 Because any step that nominally would be part of an auction process is sufficient to  
18 be this step, the scope would include such instances. Certainly the remaining steps  
19 in claims 28 and 32 are sufficient to constitute conducting an auction. Thus, the  
20 step of conducting an auction over the internet does no more than choose a  
21 network as a vehicle for communication for the remaining bid reception and  
22 treatment steps in those claims. These steps manipulate bids and do not result in a  
23 transfer of property or a transformation. There is nothing physical about bids per  
24 se. *In re Schrader*, 22 F.3d 290, 293-94, (Fed. Cir. 1994). The Appellant attempts  
25 to distinguish *Schrader* by arguing again the conduct of an auction over a network  
26 and the steps of identifying parties and highest bids (Request 9:Top ¶). But

1 identifying parties and establishing high bids are not physical steps either. And,  
2 again, simply choosing a network as a vehicle for communication as the sole  
3 purported physical limitation, particularly where the network is not narrowed to an  
4 electronic network, is simply exalting form over substance. The choice of a  
5 network for communication is inconsequential to the operation of the remaining  
6 limitations.

7  
8 *Argument regarding statutory subject matter tests*

9  
10 Appellant's argument regarding the tests for statutory processes (Request 10: ¶  
11 III), Appellant's proposed new test (Request 14: ¶ IV) and both our and the  
12 Appellant's analysis of *State Street Bank & Trust Co. v. Signature Fin. Group Inc.*,  
13 149 F.3d 1368 (Fed. Cir. 1998), have been overtaken by events, notably an en banc  
14 decision from our reviewing court in *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008).  
15 In *Bilski*, our reviewing court held that the machine-or-transformation test,  
16 properly applied, is the governing test for determining patent eligibility of a  
17 process under § 101. *Id.* at 956. The court also termed the useful, concrete and  
18 tangible test standing alone as inadequate.

19 But while looking for "a useful, concrete and tangible result" may in  
20 many instances provide useful indications of whether a claim is drawn  
21 to a fundamental principle or a practical application of such a  
22 principle, that inquiry is insufficient to determine whether a claim is  
23 patent-eligible under § 101. And it was certainly never intended to  
24 supplant the Supreme Court's test. Therefore, we also conclude that  
25 the "useful, concrete and tangible result" inquiry is inadequate and  
26 reaffirm that the machine-or-transformation test outlined by the  
27 Supreme Court is the proper test to apply.

1 *Id.* at 959-960. This machine-or-transformation test is one of determining whether  
2 a process (1) is tied to a particular machine or apparatus, or (2) transforms a  
3 particular article into a different state or thing. *Id.* at 954.

4 We apply the machine-or-transformation test, as described in *Bilski*, to  
5 determine whether the subject matter of process claims 5-7 and 28-32 are patent-  
6 eligible under 35 U.S.C. § 101.

7 Process claims 5-7 and 28-32 recite a series of process steps that are not tied to  
8 a machine. In other words, these claims do not limit the process steps to any  
9 specific machine or apparatus. Although both claims refer to submitting bids and  
10 conducting an auction over a network, the claims do not specify an electronic as  
11 contrasted with societal network. Similarly, the reference to submitting bids to a  
12 server in claim 5 within an auction context is not limited to an electronic server, as  
13 any auction staff collecting such bids would be (human) servers. Thus, the claims  
14 fail the first prong of the machine-or-transformation test because they are not tied  
15 to a particular machine or apparatus.

16 Even if the network and server in those claims were construed as electronic, the  
17 claims would still fail the first prong. Were the recitation of a “network” and  
18 “server” in combination with purely functional recitations of method steps, where  
19 the functions are implemented using an unspecified algorithm, sufficient to  
20 transform otherwise unpatentable method steps into a patent eligible process, this  
21 would exalt form over substance and would allow pre-emption of the fundamental  
22 principle present in the non-machine implemented method by the mere recitation  
23 of a “network” and “server.” Such a field-of-use limitation of communication  
24 channels is insufficient to render an otherwise ineligible process claim patent  
25 eligible. *Id.* at 957, citing *Diehr*, 450 U.S. at 191-92 (noting that eligibility under

1 § 101 “cannot be circumvented by attempting to limit the use of the formula to a  
2 particular technological environment.”). Again, the claims fail the first prong of  
3 the machine-or-transformation test because they are not tied to a particular  
4 machine or apparatus.

5 The steps of process claims 5-7 and 28-32 also fail the second prong of the  
6 machine-or-transformation test because the data does not represent physical and  
7 tangible objects.<sup>3</sup> Rather, the data represents information about bids, which are  
8 intangible communications. Thus, the processes of claims 5-7 and 28-32 fail the  
9 machine-or-transformation test and are not patent-eligible under 35 U.S.C. § 101.

10 For the above reasons we are not convinced of reversible error in our decision.  
11 Accordingly, the Appellant’s request for rehearing is denied,

## 12 DECISION

13 To summarize, our decision is as follows:

- 14 • We have considered the REQUEST FOR REHEARING
- 15 • Pursuant to 37 C.F.R. § 41.50(b), we maintain the following new grounds of  
16 rejection from our Decision:
  - 17 ○ Claims 5-7 and 28-32 remain rejected under 35 U.S.C. § 101 as being  
18 directed toward non-statutory subject matter.

19 No time period for taking any subsequent action in connection with this appeal  
20 may be extended under 37 C.F.R. § 1.136(a) (2006).

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<sup>3</sup> Because the data does not represent physical and tangible objects, we need not reach the issue of whether mere calculation of a number based on inputs of other numbers is a sufficient “transformation” of data to render a process patent-eligible under § 101.

Appeal 2007-0325  
Application 09/780,248

DENIED

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2

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4 JRG

5 SCOTT C. HARRIS

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12

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Scott C Harris

v. United States Patent and Trademark Office

No. \_\_\_\_\_

CERTIFICATE OF INTEREST

Counsel for the (petitioner) (appellant) (respondent) (appellee) (amicus) (name of party)

Scott C Harris certifies the following (use "None" if applicable; use extra sheets if necessary):

1. The full name of every party or amicus represented by me is:

Scott C Harris  
Harris Technology, LLC

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

Harris Technology, LLC

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

None

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

Scott C Harris

3/8/2007  
Date

Scott C Harris  
Signature of counsel

Scott C Harris  
Printed name of counsel

Please Note: All questions must be answered

cc: \_\_\_\_\_

## FORM 8. Entry of Appearance

## UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Scott C Harris

v. United States Patent and Trademark Office

No. \_\_\_\_\_

## ENTRY OF APPEARANCE

(INSTRUCTIONS: Counsel should refer to Fed. Cir. R. 47.3. Pro se petitioners and appellants should read paragraphs 1 and 18 of the Guide for Pro Se Petitioners and Appellants. File this form with the clerk and serve a copy of it on the principal attorney for each party.)

Please enter my appearance (select one):

☐ Pro Se☒ As counsel for:

Scott C Harris

Name of party

I am, or the party I represent is (select one):

☒ Petitioner☐ Respondent☐ Amicus curiae☐ Cross Appellant☐ Appellant☐ Appellee☐ Intervenor

As amicus curiae or intervenor, this party supports (select one):

☐ Petitioner or appellant☐ Respondent or appellee

My address and telephone are:

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Statement to be completed by counsel only (select one):

☒ I am the principal attorney for this party in this case and will accept all service for the party. I agree to inform all other counsel in this case of the matters served upon me.

☐ I am replacing \_\_\_\_\_ as the principal attorney who will/will not remain on the case. [Government attorneys only.]

☐ I am not the principal attorney for this party in this case.

Date admitted to Federal Circuit bar (counsel only): February 28, 2000

This is my first appearance before the United States Court of Appeals for the Federal Circuit (counsel only):

☐ Yes☒ No☐ A courtroom accessible to the handicapped is required if oral argument is scheduled.

3/8/2004  
Date

Signature of pro se or counsel

cc: \_\_\_\_\_



UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* SAMI CHEMICALS AND EXTRACTS, LTD,  
Appellant

ERROR: timeout  
OFFENDING COMMAND: timeout